



FROM THE DIRECTOR. . .

By Charles R. Cohen

I am pleased and proud to publish this first edition of *Insurance Regulator*, an Arizona Department of Insurance quarterly newsletter.

Each issue will contain articles and information about significant programs, activities, accomplishments or issues at the ADOI, and a Regulatory Activity Report for the recently completed quarter.

The Regulatory Activity Report will provide information about companies

entering and exiting the state, significant corporate transactions,



disciplinary actions taken against licensees, financial and market conduct examination filings, policy statements and rule-making

activity.

I believe it is important for the ADOI to publish this newsletter because

dissemination of information about insurance regulation is a crucial component of the regulatory process. I hope that, among other things, this newsletter will stimulate awareness and complete debate of important regulatory issues, provide notice of the ADOI's regulatory actions and interpretations to encourage "preventative compliance," and provide additional incentive not to be a subject

ADOI Audits Insurers and Conducts Seminar Regarding Health Care Appeals

The ADOI is auditing insurers as part of a range of initiatives to assure that consumers are aware of their rights under the Health Care Appeals program.

In addition, a seminar was held Sept. 27, at the ADOI to apprise insurers of their responsibilities and to respond to questions. More than 70 insurance company representatives, several from out-of-state, attended.

Starting in September, the ADOI began conducting

random audits of health care insurers to make sure the companies are complying with the law and are fully informing consumers of their rights.

Director Cohen expressed concern that the appeals program, established July 1, 1998, may be under-utilized.

"I am concerned that many insurance consumers may not be aware of their right to appeal denials of health care services or coverage to the ADOI or an external independent medical

reviewer," Cohen said. "This is an important consumer protection law. We intend to make certain that insurance companies are apprising their policyholders of the rights they have under the appeals program."

Under the auditing procedures, the ADOI intends to examine company records, and may contact consumers who had appeals denied or who did not seek an external

(Continued on Page Four)

Mission Statement

"To faithfully execute state insurance laws in a manner that protects insurance consumers and encourages robust competition and economic development."

Arizona Launches Continuing Education Program for Brokers and Agents

Certain agents, brokers, surplus lines brokers, managing general agents, service representatives and all bail bond agents are required to complete continuing education courses under a new program administered by the ADOI.

Each licensee subject to the CE program must complete courses approved by Experior Assessments, LLC, Arizona's insurance CE administrator, as part of the license renewal process. The ADOI can accept only courses that have been approved by Experior for satisfying the CE requirements in Arizona.

There are approximately 28,000 licensed insurance agents who reside in Arizona. Roughly 15 percent of them will need to comply with this new law, pursuant to A.R.S. §§ 20-2901 et seq. and 20-3001 et seq. The first licensees required to fulfill the CE requirement had a license expiration date of July 31, 1999.

Scott Greenberg, Business and Licensing Administrator at ADOI, said the agency has obtained reciprocal agreements with other states. "That means an Arizona resident who complies with Arizona's continuing education requirements will not need to satisfy CE requirements of most other states," Greenberg said. "Conversely, most non-resident licensees in Arizona will be able to satisfy Arizona's CE requirements by satisfying the CE requirements of their own state."

The following licensees are not required to take CE courses:

- A resident licensee, other than a bail bond agent, who does not hold a non-resident license in another state. All bail bond agents are required to fulfill the bail bond requirement.
- A non-resident licensee whose home state does not have a CE requirement.
- A non-resident licensee whose home state will, when considering applications from Arizona residents, accept Arizona's CE requirement in lieu of their own CE requirement. Every state except Minnesota has agreed to reciprocate.
- Individuals who upon renewal of their insurance license will have been licensed in Arizona for less than one year.

Each licensee subject to the CE requirement must, during the term of the license, complete a minimum of 20 credit hours of approved courses if authorized

to transact one line of insurance, or 30 credit hours of approved courses if authorized to transact more than one line of insurance. The law defines a "line of insurance" as one of the following: "Property and casualty," "life," "disability," or "life and disability." Bail bond agents are required to complete 20 credit hours of approved courses in addition to the CE requirement for one or more line of insurance.

A licensee may only apply credit hours that correspond to authority held on the license. "General insurance and law" credits may be used toward the requirements for any line of insurance, but may not be used to satisfy bail bond CE requirements. For example, a life insurance agent will not be able to satisfy the requirement with CE credit hours earned by completing a property and casualty course but may satisfy the requirement with any combination of life courses and general insurance and law courses.

Upon completing a course, a licensee should ask for an Arizona Course Completion Certificate from the course provider. The certificate will include the name of the course, the date completed, the number of each type of credit hour earned and a bar code to enable efficient processing by the Department. Originals of all Arizona Course Completion Certificates must be

submitted to the ADOI with the licensee's renewal application.

A licensee who has already completed a course that may qualify for continuing education credit should:

- Obtain a list of Arizona-approved courses from Experior's Internet web site (www.experioronline.com) or by obtaining a fax by calling Experior's toll-free telephone hotline (800-899-4184).
- Review the approved course listing to determine if provider and course have been approved.
- If the course provider and course are approved, call the course provider and ask for an Arizona Course Completion Certificate.
- If either the course provider or course is not listed, contact the course provider and encourage the provider to submit an application to have the provider and course approved by Experior. The course provider can obtain application materials from Experior's Internet web site or from their telephone hotline.

To answer continuing education and other licensing questions 24 hours a day, seven days a



Legislative Report:

Here is a brief summary of some of the major pieces of legislation approved by the 44th Arizona Legislature in the first regular session of 1999, that affect the ADOI its constituencies. Unless otherwise noted, the effective date of all bills was Aug. 6, 1999.

HB 2029: Insurance Licensure Omnibus

Repeals a statute that prohibited non-resident producers from having an office in Arizona. The repeal will enable Arizona to accept a multi-state uniform license application for non-resident producers from states granting reciprocal treatment to Arizona resident producers. It will alleviate unnecessary administrative burdens for producers and insurers. The new law also eliminates the concept of solicitors, who will become licensed as agents.

HB 2030: Health Care Insurance Coverage of Breast Reconstructive Surgery

Tracks a recent federal health care mandate involving breast reconstruction and treatment following a mastectomy.

HB 2400: Mortgage Guaranty Insurers

Allows a mortgage guaranty insurer to apply to the Director to allow release of excess contingency reserves.

HB 2596: Domestic Life and Disability Reinsurers

Exempts certain domestic credit life and disability reinsurers from numerous provisions of Title 20.

SB 1016: Insurance: Reinsurance and Captive

Addresses credit for reinsurance and creates a legislative study committee on captive insurance companies.

SB 1032: Department of Commerce; Appropriation

Allows an insurer to claim a premium tax credit (except taxes paid on fire insurance premiums and for the public safety retirement system), if the insurer qualifies for a credit for having increased employment in an Enterprise Zone or Military Reuse Zone.

SB 1098: Urgent Care Centers: Standards

Requires certain health care service organizations to have a policy for referring enrollees to urgent care centers. Effective July 1, 2000.

SB 1099: Long-Term Care Benefits; Study

Requires the Department of Administration to study the feasibility of offering long-term care coverage to state officers and employees and to submit a report by Nov. 15, 1999.

SB 1124: Motor Vehicle Insurance

Establishes a presumptive mailing date for auto insurance premiums.

SB 1224: Utilization Review

Amends the health care appeals process by exempting insurance policies not suited for the process, such as fixed disability income policies.

SB 1326: Telephone Solicitation

Preserves licensed insurance agents' exception from telephone solicitor registration requirements. Requires the ADOI to provide the Secretary of State with a list of licensees and information about them, upon request of the Secretary of State.

SB 1410: Workers' Compensation

Increases benefits. Restricts compensation for death or injury in connection with drug or alcohol use if the employer has implemented

Health Care Appeals

(Continued from Page One)

appeal. Corrective orders identifying deficiencies will be issued, and in appropriate cases penalties may be assessed.

A survey conducted by the ADOI shows that during the first 12 months the health care appeals law was in effect, 1,939 formal appeals were filed with insurance companies and that 946 were overturned by the companies themselves in favor of consumers. A total of 176 appeals were filed with the ADOI, and approximately one-third were overturned in favor of consumers. The most common appeals to the ADOI included requests for treatment by an out-of-network specialist, and requests for non-formulary drugs.

That means more than 800 consumers whose appeals were denied by their insurer failed to appeal to the next level of external independent review. "I want to know why," Cohen said. "Did they not know there was a provision for an external appeal? Did the insurance company not inform them of the external appeal process? Or, out of frustration, did they simply give up?"

In addition to conducting audits, the ADOI is taking the following action:

- **Industry seminar.** The seminar was organized and conducted by Mary Butterfield, assistant director of the Life and Health Division; Steve Gelbart, who manages the appeals program, and Elise

Bartlett, who investigates the appeals.

- **Official bulletins.** Cohen issued a regulatory bulletin apprising insurers of the ADOI's concerns, including a breach of confidentiality regarding the names of individuals who sought an external review, failure to advise insureds of their appeal rights, failure to justify decisions, and failure to utilize a licensed physician or medical professional at the formal appeal level. The bulletin also directed insurers to amend information packets they give to consumers to reflect exemptions from the appeals process. These exemptions provide that the appeals process is not applicable when coverage is provided under disability income, hospital indemnity, and long-term care insurance policies that pay fixed benefit amounts and do not reimburse expenses incurred.
- **News media.** The ADOI is attempting to educate consumers by enhancing outreach efforts through news releases and

State Reengineers Regulation of Credit Reinsurers

The Arizona Legislature enacted House Bill 2596, effective Aug. 6, 1999, to recognize the "captive" nature of Arizona's credit life and disability reinsurers. The amendments, which Director Cohen described in detail in Circular Letter 1999-7 issued Aug. 31, were proposed by representatives of the credit reinsurance industry, and supported by the ADOI.

Unaffiliated Credit Life & Disability Reinsurers that qualify under this new program will enjoy relaxed net worth requirements, which may be fulfilled by letter of credit. They are also relieved of certain filing requirements, including Risk Based Capital, Audited Financial Reports, Actuarial Opinion and Memorandum.

In addition, filing dates for annual statements are dependent on the company's fiscal year end. Although the ADOI retains discretionary examination authority, unaffiliated credit life and disability reinsurers are not subject to mandatory periodic examinations.

For those companies that

(Continued on Page Five)

Published by the Arizona Department of Insurance
2910 N. 44th St., Suite 210
Phoenix, AZ 85018
Jane Dee Hull, Governor
Charles R. Cohen, Director
Don Harris, Public Information Officer
(602) 912-8456 web site: www.state.az.us/id

Fraud Unit Report **Increasing Public Awareness Is Crucial — Terry Cooper**

Increasing public awareness of insurance fraud is a crucial part of the fight against it.

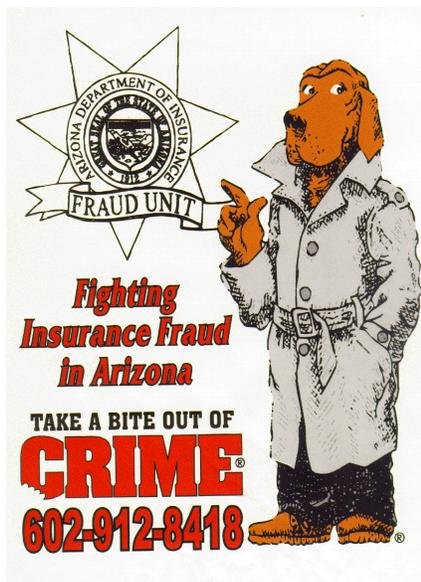
That's the view of Terry Cooper, chief of ADOI's Fraud Unit. Increased public awareness got a big lift in October. Cooper's unit conducted a seminar on workers compensation fraud for a group of industry representatives on Oct. 5. The seminar covered three basic elements: how to recognize workers compensation fraud, how to investigate it, and how to prosecute.

Fraud involving workers compensation claims is one of the leading insurance scams, according to Cooper. "We had a case involving a chiropractor who claimed her injured leg prevented her from working, but we found out that she was still pursuing her favorite hobby — barrel racing," Cooper said.

Other common types of insurance fraud include false burglary and theft claims, false stolen vehicle claims, arson, slip and falls, workers' compensation scams, medical billing scams, pharmacy fraud, staged accidents and auto body shop fraud, according to Cooper.

The Fraud Unit joined 11 other agencies for Public Safety Day at the Arizona State Fair on Oct. 16. Organized by the Governor's Office of Highway Safety under the direction of Alberto Gutier, other participants included the Department of Public Safety, police and fire departments, Students Against Drunk Driving and Mothers Against Drunk Driving.

McGruff, the crime-fighting dog, was on hand for most of the day, from 10 a.m. to 10 p.m. "That was one tired pup," Cooper said.



State Reengineers Regulation of Credit Reinsurers

(Continued from Page Four)

capitalize by a "clean, green, and irrevocable letter of credit," statutory surplus and statutory deposit requirements are eliminated.

For Arizona domestic life and disability reinsurers exclusively assuming credit life and disability insurance, and not affiliated with any other insurers, the process to convert to the new status is uncomplicated. Complete a simple conversion form, submit reinsurance contracts demonstrating the cedent is amply secured and select the capitalization method. The ADOI will process your conversion and return your deposit. Applications to convert for calendar year 1999 reporting purposes must be filed by Jan. 15, 2000.

All necessary forms are located on our web site: www.state.az.us/id or if you have questions, contact the Corporate and Financial Affairs Division for assistance at (602) 912-8420. For a quicker response, submit your conversion by FAX (602) 912-8421.

Insurance Regulator,
ADOI's new quarterly
publication, is
available on our
web site:
www.state.az.us/id

Around ADOI

Consumer Services And Investigations

Consumer Services Handles 70,000 Calls

Some 70,000 calls were received by the Consumer Services and Investigations Division during the first nine months of 1999, including 24,600 from July through September. In addition, approximately 3,300 written complaints against insurers were lodged during 1999, including 1,050 in the third quarter.

Rates and Regulations

Rates & Regs Tackles Workers Comp

The Rates & Regulations Division worked with the Workers' Compensation Task Force comprised of representatives of the industry and of the ADOI, to finalize its report in June 1999. The Task Force, formed by the Director, addressed workers' compensation issues that relate to a multiple rating organization environment. The issues likely will be addressed in the 2000 session of the Legislature.

DOI Survey Checks Market Trends

Surveys are being sent to various insurers, including homeowners, crop hail, commercial auto, other liability, business owners, medical malpractice, and surety to receive their input on the Arizona market. The surveys are designed to assist the ADOI in determining coverage availability and affordability, analyzing market trends and shifts, identifying companies exiting or entering the market, and deciding whether rates may be inadequate. State law requires the ADOI to monitor the market for price competition and other factors.

NCCI Files 15.4% Rate Decrease

The National Council on Compensation, Inc. (NCCI) filed a 15.4 percent workers' compensation rate decrease effective Oct. 1, 1999. For insurers that intended to deviate from the NCCI's rate filing and have their deviations in effect on Oct. 1, the deviation filing deadline was Sept. 15, 1999. A.R.S. § 20-359(B) requires the deviation to be on file at least 15 days before it may become effective. A deviation filing cannot be backdated.

Service Company Renewals in Mail

Service Company renewal packets will be mailed in October 1999. Service Companies desiring to renew their permits are required to submit applications in accordance with A.A.C. R20-6-407(G). The application must be accompanied with a certified financial statement and the renewal fee of \$225.

Motor Vehicle Report Due in October

The latest edition of the Motor Vehicle Annual Report is expected to be available in October 1999. This report provides a summary of relevant information regarding motor vehicle liability insurance in Arizona in accordance with A.R.S. § 20-154.01.

Rates & Regs Reviews Exemption Order

A.R.S. § 20-398(B) permits the director to exempt, by order, from filing with the DOI certain forms which, in the director's opinion, need not be filed. Because the last such order was issued in 1986, Rates & Regs is reviewing the existing order to make recommendations regarding additions and deletions.

Around ADOI

Market Conduct

Market Conduct Complaint Survey

The Market Conduct Examinations Division will distribute its annual Complaint Ratio Survey letter to all insurers in early January. There may be some changes in the form from previous years, so extra caution is suggested before entering the data. The ADOI uses this survey as an analytical tool to evaluate companies in a variety of areas.

Licensing

New Pamphlet for Continuing Education

A new pamphlet, "Continuing Education Requirements for Arizona Insurance Licensees," is being sent to licensees with renewal application packets to better inform them of the most important aspects of Arizona's CE requirements. Additional information concerning Arizona's CE program is available from the Insurance Licensing Section Internet web page (www.state.az.us/id/licensing/licensing.htm) or by calling the Insurance Licensing Section (602) 912-8470, or (1-877) 660-0964 to call toll free within Arizona

Continuing Education Changes

The Continuing Education Review Committee has adopted changes to the "Continuing Education Guidelines for Course Providers, Courses and Students" that should make it easier for many licensees to comply with Arizona's new CE requirements. A licensee who completed a course prior to July 1, 1999, can obtain from the course provider an Arizona Course Completion Certificate if the course provider and course subsequently became approved in Arizona and if the licensee had obtained a course completion certificate to fulfill another state's CE requirements. This change benefits individuals who completed, and received other state certificates for self-study courses without having taken a monitored examination, which is still required for all self-study courses completed from and after July 1, 1999.

Corporate & Financial

Tax and Annual Filing Forms for 1999

Tax and annual filing forms and instructions for 1999 will be made available on ADOI's web site (www.state.az.us/id) by the end of the year.

Guaranty Fund

L&D Guaranty Fund Board Meets Nov. 8

The Life and Disability Guaranty Fund Board of Directors meets Nov. 8, 1 p. m. to 3 p.m., at the Insurance Department, 2910 N. 44th St., in the third floor conference room. On the agenda are the election of officers and the appointment of committee members.

Public Information

Three New ADOI Publications

The department has produced three new free publications: "A Consumer Guide to Automobile Insurance," "How to Resolve Insurance Complaints," and "Managed Care Complaint Ratios."

Annual Report Available

The ADOI's Annual Report for 1998 is available at a cost of \$20, plus \$3 for shipping.

Copies of the Annual Report and other insurance-related publications can be obtained by calling the ADOI at (602) 912-8444 or statewide (1-800) 325-2548.

COMPANY ACTIONS

NEW LICENSES ISSUED

Domestic Companies

Company Name	NAIC #	Effective Date	Type
NO ACTIVITY THIS QUARTER			

Foreign Companies

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. MAJESTIC INSURANCE COMPANY	CA	42269	07/12/99	Casualty Insurer

Risk Retention Groups Registered

Company Name	State of Domicile	NAIC #	Effective Date
1. MEDAMERICA MUTUAL RISK RETENTION GROUP, INC.	HI	26257	7/1/99

Service Company Permits (A.R.S. 20-1095, et seq)

Company Name	State of Domicile	Effective Date
1. HOME WARRANTY OF AMERICA	IL	8/4/99
2. HERITAGE TPA, INC.	NE	9/13/99

Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. OLYMPIC HEALTH MANAGEMENT SYSTEMS, INC.	WA	7/12/99
2. KEYCORP INSURANCE AGENCY USA, INC.	WA	8/4/99
3. THE ONE BENEFIT SOURCE, INC.	WI	8/11/99

Utilization Review Agents

Company Name	State of Domicile	Effective Date
1. DENTISTAT, INC. – DIC DIVISION	CA	7/7/99
2. MERIDIAN HEALTH CARE MANAGEMENT, L.P.	CA	7/14/99
3. CONNECTICUT GENERAL LIFE INSURANCE CO.	CT	7/28/99
4. MEDICAL REVIEW INSTITUTE, INC.	UT	7/28/99
5. GLOBAL HEALTHCARE CORP.	AZ	9/22/99

CHANGE OF AUTHORITY

	Company Name	State of Domicile	NAIC #	Effective Date	Change
1.	ALPINE LIFE INSURANCE COMPANY	CT	60348	9/1/99	GRANTED VARIABLE ANNUITIES
2.	COLONIAL PENN FRANKLIN INSURANCE COMPANY * [Limited to Running Off Workers' Compensation Claims of Forum Insurance Company]	PA	20796	8/10/99	GRANTED CASUALTY WITH WORKERS' COMPENSATION *
3.	GENERAL & COLOGNE LIFE RE OF AMERICA ** [Limited to the Transaction of Reinsurance]	CT	86258	7/19/99	GRANTED LIFE AND DISABILITY**
4.	FIVE STAR INSURANCE COMPANY	CA	34525	9/27/99	GRANTED CASUALTY WITHOUT WORKERS' COMPENSATION & MARINE AND TRANSPORTATION & PROPERTY
5.	JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	MA	65099	8/26/99	GRANTED VARAIABLE ANNUITIES & VARIABLE LIFE
6.	JOY RETIREMENT RESORT Facility Name: JOY CELEBRATION VILLAGE	AZ	95619	8/16/99	GRANTED LIFE CARE PROVIDER
7.	LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	MA	65315	7/9/99	GRANTED VARIABLE LIFE
8.	LIFE INSURANCE COMPANY OF THE SOUTHWEST	TX	65528	9/24/99	GRANTED VARIABLE ANNUITIES
9.	LIFEUSA INSURANCE COMPANY	MN	92509	9/27/99	GRANTED DISABILITY
10.	NOVA CASUALTY COMPANY	NY	42552	8/30/99	GRANTED SURETY
11.	PFL LIFE INSURANCE COMPANY	IA	86231	9/13/99	GRANTED VARIABLE LIFE
12.	PRINCETON INSURANCE COMPANY	NJ	42226	7/6/99	GRANTED CASUALTY WITH WORKERS' COMPENSATION
13.	SAGE LIFE ASSURANCE OF AMERICA, INC.	DE	93246	8/31/99	GRANTED VARIABLE LIFE
14.	STATEWIDE INSURANCE COMPANY	IL	41416	9/3/99	GRANTED CASUALTY WITH WORKERS' COMPENSATION

NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	ALLENDALE MUTUAL INSURANCE COMPANY (to) FACTORY MUTUAL INSURANCE COMPANY	RI	21482	7/01/99
2.	BAY COLONY INSURANCE COMPANY (to) GE AUTO & HOME ASSURANCE COMPANY	PA	22225	9/2/99
3.	ARCADIA NATIONAL LIFE INSURANCE COMPANY (to) RELIANCE LIFE INSURANCE COMPANY	DE	72613	8/15/99
4.	FIRST HEALTH OF ARIZONA, INC. (to) SUN HEALTH MEDISUN, INC.	AZ	95982	7/27/99
5.	RELIANCE INSURANCE COMPANY OF CALIFORNIA (to) RELIANCE UNIVERSAL INSURANCE COMPANY	CA	44482	7/8/99

ARIZONA REDOMESTICATIONS

	Company Name	NAIC #	Effective Date	State of Domicile	
				From	To
1.	ARCADIA NATIONAL LIFE INSURANCE COMPAY	72613	8/15/99	AZ	DE

ACQUISITIONS/MERGERS/WITHDRAWALS

Acquisitions of Arizona Companies

Company Name	NAIC #	Effective Date	Acquired By
1. ARBOR LIFE INSURANCE COMPANY	72060	7/21/99	AEGON N.V. and TONY MERGER CORP.

Mergers involving Arizona Companies

Company Name Merged Into	State of Domicile	NAIC #	Effective Date
--------------------------	-------------------	--------	----------------

NO ACTIVITY THIS QUARTER

Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Effective Date
1. AMERICAN MEDICAL MUTUAL, INC., A RISK RETENTION GROUP	VT	10077	9/07/99
2. SAILFISH MIDWEST LIFE INSURANCE COMPANY	AZ	76651	7/12/99
3. SWISS RE LIFE & HEALTH LIMITED (U.S. BRANCH)	SCOTLAND	84565	8/26/99

SUPERVISIONS/RECEIVERSHIPS

Company Name	State of Domicile	NAIC #	Effective Date	Action Taken
--------------	-------------------	--------	----------------	--------------

NO ACTIVITY THIS QUARTER

FINANCIAL EXAM REPORTS

Company Name	NAIC #	Date Report Filed
1. AFFILIATED FINANCIAL LIFE INSURANCE COMPANY	76490	7/29/99
2. BIG CITY LIFE INSURANCE COMPANY	72184	7/29/99
3. BUCKEYE STATE INSURANCE COMPANY	82988	7/29/99
4. CONDEAUX LIFE INSURANCE COMPANY	94625	7/23/99
5. ELAR LIFE INSURANCE COMPANY	89699	7/23/99
6. EMPLOYERS DENTAL SERVICES, INC.	53090	9/10/99
7. EVEREST NATIONAL INSURANCE COMPANY	10120	7/19/99
8. FIRST UNION LIFE INSURANCE COMPANY	72555	7/29/99
9. FUNERAL SECURITY LIFE INSURANCE COMPANY	99490	7/29/99
10. GEORGIA COMMUNITY LIFE INSURANCE COMPANY	79006	7/27/99
11. GREAT SOUTHEASTERN LIFE INSURANCE COMPANY	84395	7/27/99
12. GREATER MISSOURI LIFE INSURANCE COMPANY	91146	7/29/99
13. HARRIS LIFE INSURANCE COMPANY	86525	7/8/99
14. INDIANA BENEFIT LIFE INSURANCE COMPANY	98566	7/23/99
15. INTERGROUP PREPAID HEALTH SERVICES OF ARIZONA, INC.	95206	7/23/99
16. IRISH TRUST LIFE INSURANCE COMPANY	98345	7/16/99

17. LIVINGSTON LIFE INSURANCE COMPANY	65030	7/23/99
18. LONG LIFE INSURANCE COMPANY	74047	7/29/99
19. MHN REINSURANCE COMPANY OF ARIZONA	89429	7/29/99
20. NATIONAL GUARANTY INSURANCE COMPANY	12068	7/20/99
21. NORTH AMERICAN NATIONAL LIFE INSURANCE COMPANY	73750	7/29/99
22. PACIFICARE LIFE INSURANCE COMPANY	76597	7/9/99
23. PENNSYLVANIA SUN LIFE INSURANCE COMPANY	69080	7/27/99
24. PHOENIX INDEMNITY INSURANCE COMPANY	34037	7/23/99
25. PROGRAMMED LIFE INSURANCE COMPANY	64866	7/29/99
26. RIHT LIFE INSURANCE COMPANY	94943	7/23/99
27. RISK ASSOCIATES LIFE INSURANCE COMPANY	91049	7/27/99
28. RURBAN LIFE INSURANCE COMPANY	81230	7/23/99
29. RUSHMORE LIFE INSURANCE COMPANY	76384	7/23/99
30. SOUTHERN PROVIDENT LIFE INSURANCE COMPANY	77275	7/22/99
31. SOUTHTRUST LIFE INSURANCE COMPANY	83585	7/9/99
32. SPECTRUM LIFE INSURANCE COMPANY	89931	7/8/99
33. SUTLIFF LIFE INSURANCE COMPANY	79090	7/27/99
34. TEB LIFE INSURANCE COMPANY	81604	7/27/99
35. UK LIFE INSURANCE COMPANY	94870	7/29/99
36. UNITED COASTAL INSURANCE COMPANY	28053	7/09/99
37. USLIFE CREDIT LIFE INSURANCE COMPANY	97438	7/27/99
38. WESTERN AGRICULTURAL INSURANCE COMPANY	27871	7/16/99

MARKET CONDUCT EXAM REPORTS/ORDERS

Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution
1. ARIZONA HOME INSURANCE CO. Use of unfiled rates. Improper cancellations and nonrenewals. Failure to maintain claim files.	AZ	38490	8/30/99	\$15,000	Amount to be determined
2. CIGNA HEALTHCARE OF ARIZONA, INC. Failing to process claims within statutory timeframe. Not providing summary of rights to unsuccessful applicants.	AZ	95125	8/31/99	\$8,000	0

Regulatory Activity Report 3rd Quarter 1999

3.	CNA INSURANCE GROUP -- AMERICAN CASUALTY CO. OF READING, PA CONTINENTAL CASUALTY CO. NATIONAL FIRE INSURANCE CO. OF HARTFORD TRANSCONTINENTAL INSURANCE CO. TRANSPORTATION INSURANCE CO. VALLEY FORGE INSURANCE CO.	PA IL CT NY IL PA	218 20427 20443 20478 20486 20494 20508	8/16/99	\$50,000	\$5,388,163
	Use of unfiled rates. Improper cancellations and nonrenewals for personal and commercial policies.					
4.	FACTORY MUTUAL SERVICE BUREAU	N/A	N/A	8/6/99	0	0
	Use of unfiled ratings.					
5.	FAMILY SERVICE LIFE INSURANCE CO.	TX	74004	8/10/99	\$18,000	0
	Failing to provide summary of rights and notice of information practices. Improper claim processing. Non-compliant replacement procedures.					
6.	GE GLOBAL GROUP -- COLONIAL PENN FRANKLIN INSURANCE CO. COLONIAL PENN INSURANCE CO. COLONIAL PENN MADISON INSURANCE CO.	PA PA PA	350 20796 34789 43974	8/26/99	\$8,000	\$2514.95
	Use of unfiled rates. Improper claim processing.					
7.	GLOBE LIFE AND ACCIDENT INSURANCE CO.	DE	91472	7/12/99	\$19,500	\$159.29
	Failing to provide summary of rights and notice of information practices. Improper claim processing. Non-compliant replacement procedures.					
8.	JEFFERSON INSURANCE CO. OF NEW YORK	NY	11630	8/3/99	\$4,500	\$194
	Use of unfiled rates. Improper cancellations and nonrenewals.					
9.	NATIONAL AMERICAN INSURANCE CO. OF CALIFORNIA	CA	23671	7/19/99	\$15,000	\$8,228.66
	Use of unfiled rates. Improper claim processing.					
10.	ROYAL & SUN ALLIANCE, USA GROUP -- AMERICAN AND FOREIGN INSURANCE CO. GLOBE INDEMNITY CO. NEWARK INSURANCE CO. ROYAL INDEMNITY CO. ROYAL INSURANCE CO. OF AMERICA SAFEGUARD INSURANCE CO.	DE DE NJ DE IL CT	553 24589 24600 24643 24678 26980 24694	8/30/99	\$22,000	\$23,049.77
	Use of unfiled rates. Improper claim processing.					
11.	UNITED DENTAL CARE INSURANCE CO. (F.K.A. NATIONAL DENTAL HEALTH INSURANCE CO.)	AZ	97870	8/3/99	\$75,000	Amount to be determined
	Failing to provide notice of information practices. Improper claim processing. Failure to produce/maintain records.					
12.	VOYAGER PROPERTY & CASUALTY INS. CO.	SC	35971	7/23/99	\$1,700	\$1,485.61
	Failing to provide notice of information practices. Improper claim processing. Not filing Agent list with Department.					

SUSPENSIONS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. LIBERTY BANKERS LIFE INSURANCE COMPANY	WI	68543	9/9/99	Suspension Vacated

OTHER DISCIPLINARY ACTIONS

Company Name NAIC #	Allegation	Disposition
1. FINANCIAL INDEMNITY CO. NAIC # 19852 and MILWAUKEE SAFEGUARD INSURANCE CO. NAIC# 40703	Failed to comply with grace period requirements and notice of cancellation requirements.	7/22/99 Consent Order Civil penalty of \$7,500 and \$1,000 respectively.

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause Number Name City - State	Allegation	Disposition
1. 99A-018 DONALD WALTER PURK Phoenix, AZ	Felony conviction for conspiring to make unlawful payments to a union pension fund officer.	7/6/99 Order All licenses revoked.
2. 99A-146 JAMES JOSEPH CHIPPENDALE & INSURANCE NETWORK, INC. Heath, TX	Failure to maintain a place of business in Arizona and failure to notify the Director of permanent relocation to Texas.	7/13/99 Consent Order Surrender all existing Arizona licenses. Civil penalties of \$1,500 and \$500 respectively.
3. 99A-116 ROBERT ROY DILLIE Scottsdale, AZ	Failure to disclose on license application prior stipulation and order and license denial in Wisconsin.	7/14/99 Consent Order Prohibition against applying for Arizona non-resident license for one year. Civil penalty of \$2,000.
4. 99A-147-INS LOUIS T. MASTOS & ASSOCIATES, INC. OF ARIZONA Prescott, AZ	Surplus lines filing violations.	7/19/99 Consent Order Civil penalty of \$200.
5. 99A-150-INS AIG WARRANTY SERVICES AND INSURANCE AGENCY, INC. New York, NY	Failure to file an application for approval of a service contract and advertising material.	7/19/99 Consent Order Cease and desist from offering or issuing unapproved advertising material and service contracts.
6. 99A-158-INS VIRGIL DAVID STEPHENSON Prescott, AZ	Failure to maintain a bond, failure to represent an authorized insurer, and failure to notify the Director of a change in address.	8/16/99 Consent Order All licenses revoked.
7. 99A-166-INS BANK OF AMERICA COMMUNITY BANK dba BANKAMERICA INSURANCE AGENCY San Diego, CA	Failure to file a Certificate of Assumed Business Name.	8/20/99 Consent Order Civil penalty of \$2,500.

8.	99A-167-INS JEROME HERBERT CHICK dba FAMILY ESTATE PLANNING Scottsdale, AZ	Payment of prohibited inducement.	8/20/99 Consent Order Civil penalty of \$250.
9.	99A-181-INS MELISSA A. MARTINEZ Tucson, AZ	Failure to represent an authorized insurer and maintain a bond.	8/24/99 Consent Order Cancellation of license.
10.	99A-187-INS ROBERT MORENO INSURANCE SERVICES OF ARIZONA, INC. Scottsdale, AZ	Failure to monitor a tele-binding system that allowed subproducers to repeatedly bind coverage without submitting applications and premium payments to insurers.	9/2/99 Consent Order Civil penalty of \$3,500.

RULES 1999

	Citation	Title	Action	Status
1.	R6-20-204	Surplus Lines Brokers' Filing Requirements; List of Unauthorized Insurers	Amend	
2.	R20-6-309	Definitions	Adopt New Section	
3.	R20-6-309.01	Applicability	Adopt New Section	Comment Period Closed. Department will finalize rule package and file with the Governor's Regulatory Review Council for consideration on the Council's Dec. 7 agenda.
4.	R20-6-309.02	General Calculation Requirements for Basic Reserves and Premium Deficiency Reserves	Adopt New Section	
5.	R20-6-309.03	Calculation of Minimum Valuation Standard for Policies with Guaranteed Non Level Gross Premiums or Guaranteed Non Level Benefits (Other than Universal Life Policies)	Adopt New Section	
6.	R20-6-309.04	Calculation of Minimum Valuation Standard for Flexible Premium and Fixed Premium Universal Life Insurance Policies that Contain Provisions Resulting in the Ability of a Policyowner to keep a Policy in Force Over a Secondary Guarantee Period	Adopt New Section	
7.	Appendix A	Select Mortality Factors	Adopt New Section	

CIRCULAR LETTERS 1999

	Number	Title	Date Issued
1.	1999-1	Administration of Workers' Compensation Laws; Arizona Revised Statutes, Title 20, Chapter 2, Article 4	4/ 2/99
2.	1999-2	Administration of Continuing Education Laws; Arizona Revised Statutes, Title 20, Chapters 18 and 19	4/30/99
3.	1999-3	Compliance with Arizona's Health Care Appeals Laws	6/11/99
4.	1999-4	Medicare + Choice; Medicare Supplement	6/28/99
5.	1999-5	1999 Arizona Insurance Laws	7/22/99
6.	1999-6	Loss Cost Filings	8/2/99
7.	1999-7	Laws 1999, Ch. 170 (HB2596) Regarding Unaffiliated Credit Life and Disability Reinsurers	8/31/99